

## Message Text

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PAGE 01 MANILA 04951 290442Z

17

ACTION AID-59

INFO OCT-01 EA-11 ISO-00 AGR-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 OMB-01 SS-20 NSC-07 L-03 IGA-02

PA-04 USIA-15 PRS-01 DRC-01 /199 W

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P 290356Z APR 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 3047

UNCLAS MANILA 4951

E.O. 11652: N/A

TAGS: EAID, EAGR, RP

SUBJECT: PL-480 TITLE I NEGOTIATIONS

REF: A) MANILA 4843; B) STATE 85144; C) STATE 53148; D) STATE 32078

1. IN PL-480 NEGOTIATIONS APRIL 25, GOP PANEL IN ADDITION TO CONCERN RE SHIPPING PROBLEM DISCUSSED REFS A AND B, WISHED TO RECORD IN MINUTES GOP REQUEST FOR "MORE ESSENTIAL COMMODITIES" THEN TOBACCO UNDER TITLE I PROGRAM SUCH AS FEEDGRAINS AND RICE. US PANEL INDICATED THAT WHILE IT SYMPATHETIC AND HOPEFUL REGARDING FUTURE ACCOMMODATION OF GOP VIEW, PROVISION OF OTHER COMMODITIES NOW APPEALS UNLIKELY GIVEN CURRENT COMMERCIAL MARKETING SITUATION. COMMENT: GOP SPOKESMAN MADE REQUEST IN GENERAL TERMS AND DID NOT INDICATE SPECIFIC COMMODITIES AND QUANTITIES WHICH MIGHT BE SOUGHT IN FY 1975, BUT WE BELIEVE FOLLOW-UP REQUEST CAN BE EXPECTED FOR FEEDGRAINS AND PERHAPS RICE AND COTTON FOR FY 1975.

2. ON PROCEDURE FOR COLLECTION OF CUP, PHIL PANEL HAD ALREADY AGREED TO TEXT CALLING FOR PAYMENT ON DEMAND BUT REQUESTED THAT USG FOLLOW PATTERN OF MAY 1972 AGREE-  
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PAGE 02 MANILA 04951 290442Z

MENT IN DEMANDING PAYMENT - IN EFFECT TO DEMAND PAYMENT

IN TWO INSTALLMENTS, HALF ON MAY 1, 1974 AND HALF ON DECEMBER 1, 1975. (NOTE: ACCORDING TO EMBASSY RECORDS, USG HAS NOT YET REQUESTED SECOND CUP INSTALLMENT ON MAY 1972 AGREEMENT DUE DECEMBER 1, 1973.) US PANEL AGREED FORWARD REQUEST TO WASHINGTON.

3. RE USES OF PESO PROCEEDS, PHIL PANEL STATED GOP INTENTION TO LIMIT USE OF PESO PROCEEDS UNDER THIS AGREEMENT TO FINANCING SELF HELP MEASURES DESCRIBED IN PARAS E AND F UNDER ITEM V (I.E. POPULATION PROGRAMS AND RURAL ELECTRIFICATION) AND SUCH OTHER PROJECTS AS MAY BE INDICATED BY GOP WHICH WILL ACCELERATE AGRICULTURAL AND RURAL DEVELOPMENT. AFTER DISCUSSION REGARDING PURPOSE AND STYLE OF CONSULTATION BETWEEN NEDA AND USAID ON USES OF PESO PROCEEDS, TWO PANELS AGREED ON STATEMENT IN NEGOTIATING MINUTES AS FOLLOWS: "THE TWO GOVERNMENTS WILL EXCHANGE INFORMATION AND VIEWS ON USES TO WHICH THE PHILIPPINE GOVERNMENT INTENDS TO PUT THE PESO PROCEEDS UNDER THE AGREEMENT. THE PHILIPPINE PANEL STATED THAT THE PESO PROCEEDS WOULD CONTINUE TO BE DEPOSITED IN A 'PL 480 SPECIAL ACCOUNT' AND DISBURSED IN ACCORDANCE WITH BUDGET APPROPRIATIONS." THE TWO PANELS ALSO AGREED THAT THE WORDING IN PARAGRAPH F, "ALLOCATE AN AGREED PERCENTAGE OF THE PROCEEDS OF THIS AGREEMENT", RELATES TO THE PROGRAM FOR FINANCING RURAL ELECTRIFICATION AGREED BETWEEN THE TWO GOVERNMENTS AND DOES NOT ALTER THE PROVISIONS OF ITEMS VII AND VIII REGARDING USE BY THE PHILIPPINE GOVERNMENT OF THE PESO PROCEEDS UNDER THIS AGREEMENT.

4. GOP PANEL STATED PHIL EMB WASHINGTON WILL BE INSTRUCTED REQUEST IMMEDIATELY UPON SIGNATURE OF AGREEMENT IN ORDER SPEED PROCESS OF CONTRACTING AND SHIPMENT. INFO PARA 2 REF B RE AVAILABILITY OF SHIPPING AND USG POSITION ON EXTENSION OF SUPPLY PERIOD HAS BEEN CONVEYED TO PHIL PANEL. RE IMPOSITION OF UMR FOR FY 1975, STATEMENT PARA 2 REF B APPEARS TO CONFLICT WITH OUR INTERPRETATION OF PART I ARTICLE III A 1 THAT UMR STATED IN 1974 AGREEMENT WILL BE APPLICABLE TO FY 1975 BECAUSE AT LEAST SOME COMMODITIES ARE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MANILA 04951 290442Z

EXPECTED TO BE DELIVERED IN THAT YEAR. SINCE THIS VIEW HAS BEEN RECORDED IN AGREED MINUTES, WOULD APPRECIATE DEPARTMENT'S CONFIRMATION THIS IS CORRECT INTERPRETATION.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOBACCO, RICE, PL 480 TITLE 1, COMMODITY AGREEMENTS, NEGOTIATIONS, GRAINS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
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**Executive Order:** N/A  
**Errors:** N/A  
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